

Message Text

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16

ACTION EA-14

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-09 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-14 USIA-12

AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 IO-12 RSR-01 /155 W
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R 240744 Z MAR 73

FM AMEMBASSY BANGKOK
TO SECSTATE WASHDC 1746

C O N F I D E N T I A L BANGKOK 4713

EO 11652: GDS

TAGS: ETRD, TH

SUBJECT: INVESTMENT CLIMATE IN THAILAND

1. WHEN I SAW PM THANOM THIS MORNING, I RAISED WITH HIM TWO ITEMS RELATING TO THE U. S. PRIVATE INVESTMENT HERE. HE WAS ACCOMPANIED AMONG OTHERS BY DEPUTY FOREIGN MINISTER CHARTCHAI.
 2. I FIRST TOLD HIM THAT WE HAD HAD EXTENSIVE DISCUSSIONS WITH THE MINISTRIES OF COMMERCE AND FOREIGN AFFAIRS CONCERNING UNCERTAINTIES CREATED BY ASPECTS OF THE ALIEN BUSINESS DECREE AND ALIEN OCCUPATION DECREE. I SAID MY PRINCIPAL CONCERN WAS TO TRY TO CLEAR UP THESE UNCERTAINTIES, WHICH COULD SERIOUSLY DISCOURAGE FOREIGN INVESTMENT THAT THAILAND BADLY NEEDED TO PROMOTE ITS ECONOMIC DEVELOPMENT. I RECALLED THAT THE CURRENT FIVE- YEAR PLAN LOOKS TO THE PRIVATE SECTOR FOR SOME \$300 MILLION IN FOREIGN INVESTMENT. I EXPRESSED THE HOPE THAT THE RTG WOULD ACT SOON TO INSURE THAT LEGITIMATE INVESTORS WILL UNDERSTAND THE FULL IMPLICATIONS OF THE NEW DECREES AND TO KNOW THAT IF THEY ARE COMPLIED WITH THERE IS ASSURANCE ABOUT THE FUTURE CONTEXT WITHIN WHICH BUSINESS WILL BE CONDUCTED. I STRESSED THAT POTENTIAL NEW INVESTORS WILL BE LOOKING AT SEVERAL COUNTRIES, NOT JUST AT THAILAND, AND THAT AN IMPORTANT FACTOR IN THE FINAL DECISION WILL BE HOW CLEARLY THE RULES OF THE GAME ARE LAID OUT AND HOW STABLE.
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BLE THE FUTURE APPEARS TO BE.

3. I CITED AS AN EXAMPLE OF THE UNCERTAINTIES THAT CURRENTLY EXIST THE FACT THAT U. S. FIRMS DO NOT KNOW CLEARLY WHAT THEIR POSITION WILL BE AFTER THE EXPIRY OF OUR AER TREATY WITH THAILAND. I SAID THAT WE WOULD CONTINUE TO DISCUSS THIS AND OTHER ASPECTS OF THE PROBLEM WITH THE APPROPRIATE MINISTRIES.

4. THE PM INDICATED UNDERSTANDING OF THE IMPORTANCE OF THIS ISSUE, AND I BELIEVE HE WILL URGE THOSE DIRECTLY RESPONSIBLE TO ACT ACCORDINGLY. DEPUTY FOREIGN MINISTER CHARTCHAI OFFERED TO MAKE RESPONSIBLE MFA OFFICERS AVAILABLE TO THE U. S. INVESTMENT COMMUNITY IN ORDER TO IDENTIFY AND CLEAR UP QUESTIONS THAT MAY BE IN THEIR MINDS. WE INTEND TO FOLLOW UP ON THIS OFFER.

5. THE SECOND SUBJECT I RAISED WAS THE FORTHCOMING VISIT OF POTENTIAL INVESTORS FROM THE U. S. IN CONNECTION WITH SEATAC. I GAVE THE PM AND CHARTCHAI A COPY OF THE PRESS RELEASE (K. L. 1165) AND EXPRESSED THE HOPE THAT THESE IMPORTANT REPRESENTATIVES OF U. S. FIRMS WOULD BE GIVEN ASSISTANCE IN CONNECTION WITH THEIR DESIRE TO CONTACT APPROPRIATE PERSONS IN THE GOVERNMENT AND BUSINESS SECTOR. THE PM INDICATED READINESS TO COOPERATE.
UNGER

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*** Current Classification *** CONFIDENTIAL

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